

1 HB228  
2 195655-2  
3 By Representative Blackshear  
4 RFD: Financial Services  
5 First Read: 20-MAR-19

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8 SYNOPSIS: Under existing law, state-chartered credit  
9 unions are organized and regulated by the Alabama  
10 Credit Union Administration.

11 This bill would clarify and codify the  
12 federal charter parity provision to mean asset  
13 liability management, including regulatory net  
14 worth or capital management and composition.

15 This bill would authorize the Alabama Credit  
16 Union Administration Board to appoint the National  
17 Credit Union Administration as conservator of a  
18 state-chartered credit union.

19 This bill would authorize credit union  
20 supervisory committees to consist of more than  
21 three members.

22 This bill would permit payment or  
23 reimbursement of reasonable and proper travel costs  
24 of a member of the board or any committee and one  
25 guest per member traveling on official business of  
26 the state-chartered credit union.

1                   This bill would increase the meeting notice  
2                   period prior to the meeting to vote and approve a  
3                   merger plan of a merging credit union.

4                   This bill would also expand the definition  
5                   of an official who may serve on the Alabama Credit  
6                   Union Administration Board to include a president,  
7                   chief executive officer, or a person elected by the  
8                   membership to serve as a member of the board,  
9                   credit committee, or supervisory committee of a  
10                  state-chartered credit union.

11  
12   A BILL  
13   TO BE ENTITLED  
14   AN ACT

15  
16                   To amend Sections 5-17-4, 5-17-8, 5-17-10, 5-17-11,  
17                   5-17-22, as amended by Act 2018-470, 2018 Regular Session, and  
18                   5-17-55, Code of Alabama 1975, relating to state-chartered  
19                   credit unions and the Alabama Credit Union Administration; to  
20                   clarify and codify the federal charter parity provision to  
21                   mean asset liability management, including regulatory net  
22                   worth or capital management and composition; to authorize the  
23                   Alabama Credit Union Administration Board to appoint the  
24                   National Credit Union Administration as conservator of a  
25                   state-chartered credit union; to provide that credit union  
26                   supervisory committees may consist of more than three members;  
27                   to permit payment or reimbursement of reasonable and proper

1 travel costs of a member of the board or any committee and one  
2 guest per member traveling on official business of the  
3 state-chartered credit union; to increase the meeting notice  
4 period prior to the meeting to vote and approve a merger plan  
5 of a merging credit union; and to expand the definition of an  
6 official who may serve on the Alabama Credit Union  
7 Administration Board to include a president, chief executive  
8 officer, or a person elected by the membership to serve as a  
9 member of the board, credit committee, or supervisory  
10 committee of a state-chartered credit union.

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

12 Section 1. Sections 5-17-4, 5-17-8, 5-17-10,  
13 5-17-11, 5-17-22, as amended by Act 2018-470, 2018 Regular  
14 Session, and 5-17-55 of the Code of Alabama 1975, are amended  
15 to read as follows:

16 "§5-17-4.

17 "(a) A credit union shall have all of the following  
18 powers:

19 "(1) To receive the savings of its members either as  
20 payment on shares or as deposits, including the right to  
21 conduct Christmas clubs, vacation clubs, and other thrift  
22 organizations within the membership.

23 "(2) To accept deposits of fiduciary funds if a  
24 member is the beneficiary, trustee, or personal representative  
25 and if the funds are part of the estate of a deceased member.

26 "(3) To make loans to members.

1           "(4) To make loans to other credit unions, including  
2 credit union service organizations.

3           "(5) To purchase loans from financial institutions,  
4 provided a purchased loan is of the nature and type that the  
5 credit union could have originated itself.

6           "(6) To make loans to a cooperative society or other  
7 organizations having membership in the credit union.

8           "(7) To deposit funds in state and national banks,  
9 savings and loan associations, the accounts which are insured  
10 by the Federal Deposit Insurance Corporation, and in other  
11 credit unions.

12           "(8) To invest in any investment legal for federally  
13 chartered credit unions in the state.

14           "(9) To borrow money from any source not prohibited  
15 by applicable law and to give its note therefor; provided that  
16 the borrowing, in the aggregate, shall not at any time exceed  
17 the lesser of:

18           "a. ~~50~~ Fifty percent of its assets; or

19           "b. The combination of undivided earnings, regular  
20 reserves, equity acquired in a merger, net income or net loss  
21 not already included in undivided earnings, and shares and  
22 deposits.

23           "(10) To assess each member a recurring or  
24 nonrecurring membership fee.

25           "(11) To exercise incidental powers as necessary to  
26 enable it to carry on effectively the purposes for which it is  
27 chartered and incorporated and other powers as are expressly

1 authorized by the Administrator of the Alabama Credit Union  
2 Administration.

3 "(b) In addition to any and all other powers  
4 heretofore granted to credit unions, any credit union shall  
5 have the power to engage in any activity in which the credit  
6 union could engage were the credit union operating as a  
7 federally chartered credit union, including but not by way of  
8 limitation because of enumeration, the power to do any act and  
9 own, possess, and carry as assets property of that character  
10 including stocks, bonds, or other debentures which, at the  
11 time, are authorized under federal laws or regulations for  
12 transactions by federal credit unions, notwithstanding any  
13 restrictions elsewhere contained in the ~~statutes of the State~~  
14 ~~of Alabama~~ law of this state. These powers are limited to  
15 asset liability management including regulatory net worth or  
16 capital management and composition. No credit union can  
17 exercise any power which it claims only by virtue of the power  
18 being possessed by a federal credit union if the administrator  
19 issues a written order prohibiting a credit union from  
20 exercising that power.

21 "(c) Notwithstanding any other provision of this  
22 chapter or any other state law, a credit union may offer any  
23 product or service that is authorized or permitted to any  
24 federal credit union as defined in 12 U.S.C. § 1752.

25 "(d) Notwithstanding any other provision of this  
26 chapter or any other state law, the administrator may  
27 condition the exercise of any power upon terms and conditions

1 intended to ensure safe and sound operation of a credit union  
2 in the administrator's discretion.

3 "§5-17-8.

4 "(a) Credit unions shall report to the Administrator  
5 of the Alabama Credit Union Administration at least annually  
6 on or before January 31 in such manner and form as required by  
7 the administrator for that purpose. Additional reports may be  
8 required. Credit unions shall be examined at least every 18  
9 months by employees of the administration or by other persons  
10 designated by the administrator. For failure to file reports  
11 when due, unless excused for cause by the administrator, the  
12 credit union shall pay to the State Treasurer five dollars  
13 (\$5) for each day of its delinquency.

14 "(b) If the administrator determines that the credit  
15 union is violating this chapter, or is insolvent, the  
16 administrator may suspend operations of the credit union by  
17 issuing an order requiring that the credit union cease  
18 operations pending a hearing on the revocation of the  
19 certificate of approval, or the administrator may set a date  
20 for a hearing on the revocation of the certificate of approval  
21 without suspending operations of the credit union. If the  
22 administrator suspends operations of the credit union, a  
23 hearing on the revocation of the certificate of authority  
24 shall be held by the administrator if requested within 90 days  
25 from the date of the order requiring suspension of operations.  
26 If demanded by the credit union, the hearing on revocation of  
27 the certificate of authority, whether or not the administrator

1 has suspended operations of the credit union pending the  
2 hearing, shall be conducted on the record by the administrator  
3 who shall also make findings of fact and a written  
4 determination concerning revocation of the certificate of  
5 authority. The determination may contain an order requiring  
6 that credit union to immediately suspend operations or  
7 continue in effect a previous order requiring the suspension  
8 of operations. If the determination is that the credit union  
9 is violating this chapter, or is insolvent, and that the  
10 certificate of authority be revoked, and if, for a period of  
11 15 days after the hearing, any violation continues, the  
12 administrator may revoke the certificate and take possession  
13 of the business and property of the credit union and maintain  
14 possession until the administrator shall permit it to continue  
15 business or its affairs are finally liquidated through merger  
16 or otherwise.

17 "(c) (1) The administrator may, with the approval of  
18 a majority of the Credit Union Board of the Alabama Credit  
19 Union Administration, issue a cease and desist order upon  
20 finding that the credit union or any officer, director,  
21 committee member, or employee has done any one of the  
22 following:

23 "~~(1)~~a. Committed any violation of a law, rule, or  
24 regulation.

25 "~~(2)~~b. Engaged or participated in any unsafe or  
26 unsound practice in connection with the credit union business.



1           "~~(3)~~c. Engaged in any act, omission, or practice  
2 which constitutes a breach of fiduciary duty to the credit  
3 union.

4           "~~(4)~~d. Committed any fraudulent or questionable  
5 practice in the conduct of the credit union's business which  
6 endangers the credit union's reputation or threatens  
7 insolvency.

8           "~~(5)~~e. Violated any condition imposed in writing by  
9 the administrator or any written agreement made with the  
10 administrator.

11           "~~(6)~~f. Concealed, destroyed, removed, falsified, or  
12 perjured any book, record, paper, report, statement, or  
13 account related to the business and affairs of the credit  
14 union.

15           "(2) Any cease and desist order shall be effective  
16 not earlier than 10 calendar days after it is delivered to the  
17 credit union. The credit union or any person subject to a  
18 cease and desist order shall have 10 calendar days from the  
19 receipt of any cease and desist order to appeal to the Credit  
20 Union Board of the Alabama Credit Union Administration by  
21 serving the administrator with a written notice of appeal  
22 within the 10-day period. Upon receipt of a notice of appeal  
23 from the credit union, the effect of the cease and desist  
24 order will be suspended pending a decision upon appeal;  
25 provided that a majority of the Credit Union Board of the  
26 Alabama Credit Union Administration may order that a cease and  
27 desist order be in force and effect pending the decision on

1 appeal. A hearing of any appeal shall be held before the  
2 Credit Union Board of the Alabama Credit Union Administration  
3 within 60 calendar days of the notice of appeal and the  
4 decision of the Credit Union Board shall be rendered within 30  
5 calendar days after the conclusion of the hearing.

6 "(d) The Administrator of the Alabama Credit Union  
7 Administration may suspend from office and prohibit further  
8 participation in any manner in the conduct of the affairs of a  
9 credit union, any director, officer, committee member, or  
10 employee who has done any one of the following:

11 "(1) Committed any violation of a law, rule, or  
12 regulation.

13 "(2) Engaged or participated in any unsafe or  
14 unsound practice in connection with the credit union business.

15 "(3) Engaged in any act, omission, or practice which  
16 constitutes a breach of fiduciary duty to the credit union.

17 "(4) Committed any fraudulent or questionable  
18 practice in the conduct of the credit union's business which  
19 endangers the credit union's reputation or threatens  
20 insolvency.

21 "(5) Violated any condition imposed in writing by  
22 the administrator or any written agreement made with the  
23 administrator.

24 "(6) Concealed, destroyed, removed, falsified, or  
25 perjured any book, record, paper, report, statement, or  
26 account related to the business and affairs of the credit  
27 union.

1           "(7) Unless the administrator directs otherwise, the  
2 prohibition against participation in the conduct of the  
3 affairs of a credit union shall remain effective until it is  
4 rescinded by a vote of the Credit Union Board of the Alabama  
5 Credit Union Administration.

6           "(e) A person subject to an order issued under  
7 subsection (d) may file an appeal in writing delivered to the  
8 administrator not more than 10 calendar days after the  
9 issuance of the order. Not later than 60 calendar days after  
10 the filing of an appeal, the Credit Union Board of the Alabama  
11 Credit Union Administration shall hold a hearing and not later  
12 than 30 calendar days after the conclusion of the hearing, the  
13 Credit Union Board shall issue a decision. The hearing shall  
14 be confidential.

15           "(f) The Administrator of the Alabama Credit Union  
16 Administration, with the approval of a majority of the Credit  
17 Union Board of the Alabama Credit Union Administration, ex  
18 parte without notice, may appoint the Alabama Credit Union  
19 Administration or the National Credit Union Administration as  
20 conservator and immediately take possession and control of the  
21 business and assets of any state-chartered credit union in any  
22 case in which any one of the following occurs:

23           "(1) The Alabama Credit Union Administration  
24 determines that the action is necessary to conserve the assets  
25 of any state-chartered credit union or the interests of the  
26 members of the credit union.

1           "(2) A credit union, by resolution of its board of  
2 directors, consents to the action by the Alabama Credit Union  
3 Administration.

4           "(3) There is a willful violation of a  
5 cease-and-desist order which has become final.

6           "(4) There is concealment of books, papers, records,  
7 or assets of the credit union or refusal to submit books,  
8 papers, records, or affairs of the credit union for inspection  
9 to any examiner or to any lawful agent of the Alabama Credit  
10 Union Administration.

11           "(g) Not later than 10 calendar days after the date  
12 on which the Alabama Credit Union Administration takes  
13 possession and control of the business and assets of a credit  
14 union pursuant to subsection (f), officials of the credit  
15 union who were terminated by the conservator may apply to the  
16 circuit court for the judicial circuit in which the principal  
17 office of the credit union is located for an order requiring  
18 the administration to show cause why it should not be enjoined  
19 from continuing possession and control. Except as provided in  
20 this subsection, no court may take any action, except at the  
21 request of the Credit Union Board by regulation or order, to  
22 restrain or affect the exercise of powers or functions of the  
23 board as conservator.

24           "(h) The administrator shall report to the Credit  
25 Union Board of the Alabama Credit Union Administration at  
26 least semi-annually on the condition of the credit unions in

1 which the administration serves as conservator. Reports shall  
2 contain the following:

3 "(1) The most recent income statement and balance  
4 sheet of the credit union.

5 "(2) Actions taken since the last report by the  
6 administrator in its role as conservator of the credit union.

7 "(3) A detailed report of all expenditures,  
8 reimbursements, and other financial considerations paid out of  
9 the assets of the credit union to the Alabama Credit Union  
10 Administration or its designated agents during  
11 conservatorship.

12 "(4) A business plan outlining necessary actions and  
13 timetables under which the credit union would remain under  
14 conservatorship.

15 "(i) The Alabama Credit Union Administration may  
16 maintain possession and control of the business and assets of  
17 the credit union and may operate the credit union until the  
18 time as the following occurs:

19 "(1) The administrator shall permit the credit union  
20 to continue business subject to the terms and conditions as  
21 may be imposed by the Alabama Credit Union Administration.

22 "(2) The credit union is liquidated in accordance  
23 with the provisions of Section 5-17-21.

24 "(3) The Credit Union Board of the Alabama Credit  
25 Union Administration votes by a majority of voting members  
26 that the Alabama Credit Union Administration shall relinquish  
27 possession and control of the credit union. Such vote shall be

1 held on at least a semi-annual basis while the credit union is  
2 held in conservatorship by the Alabama Credit Union  
3 Administration.

4 "(j) The Alabama Credit Union Administration may  
5 appoint special agents as it considers necessary in order to  
6 assist the administration in carrying out its duties as a  
7 conservator under this section.

8 "(k) All costs incurred by the administration in  
9 exercising its authority under this section and Section  
10 5-17-8.1, including, without limitation, all expenses and  
11 legal fees incurred in exercising its authority or defending  
12 any action taken pursuant to its exercise of authority, and  
13 any appeal by any credit union or by any director, officer,  
14 committee member, or employee thereof shall be paid out of the  
15 assets of the credit union.

16 "(l) The conservator shall have all powers of the  
17 members, the directors, the officers, and the committees of  
18 the credit union and shall be authorized to operate the credit  
19 union in its own name or to conserve its assets in the manner  
20 and extent authorized by the administration.

21 "(m) After taking possession of the property and  
22 business of a credit union through conservatorship, the  
23 conservator may terminate or adopt any executory contract to  
24 which the credit union may be a party. The termination of any  
25 contracts shall be made within six months after the  
26 conservator has obtained knowledge of the existence of the  
27 contract or lease. Any provision in the contract or lease

1 which provides for damages or cancellation fees upon  
2 termination shall not be binding on the conservator or credit  
3 union. The directors, the conservator, and the credit union  
4 are not liable for damages arising from or relating to such  
5 executory contracts.

6 "(n) The administrator may appoint a temporary board  
7 of directors to any credit union subject to conservatorship.

8 "(o) (1) Notwithstanding any other provision of state  
9 law, if the administrator determines that an emergency  
10 requiring expeditious action exists with respect to a credit  
11 union, that other alternatives are not reasonably available  
12 consistent with National Credit Union Administration  
13 precedent, and that the public interest, including the  
14 interests of the members of the credit union, would best be  
15 served by such action, the administrator may do either of the  
16 following:

17 "a. Initiate the involuntary merger of a credit  
18 union that is insolvent or is in danger of insolvency with any  
19 other credit union or may authorize a credit union to purchase  
20 any of the assets of, or assume any of the liabilities of, any  
21 other credit union that is insolvent or in danger of  
22 insolvency.

23 "b. Authorize a financial institution whose deposits  
24 or accounts are insured to purchase any of the assets of, or  
25 assume any of the liabilities of, a credit union that is  
26 insolvent or in danger of insolvency, except that prior to  
27 exercising this authority the administrator shall attempt to

1 effect a merger with, or purchase and assumption by, another  
2 credit union as provided in paragraph a.

3 "(2) For purposes of the authority contained in this  
4 subsection, insured share and deposit accounts of the credit  
5 union, upon consummation of the purchase and assumption, may  
6 be converted to insured deposits or other comparable accounts  
7 in the acquiring institution, and the administrator and the  
8 insuring organization shall be relieved of any liability to  
9 the credit union's members with respect to those accounts.

10 "§5-17-10.

11 "At the annual meeting (the organization meeting  
12 shall be the first annual meeting), members of the credit  
13 union shall elect a board of directors of not less than five  
14 members, may elect a credit committee of not less than three  
15 members, and shall elect a supervisory committee of not less  
16 than three members, all to hold office for such terms  
17 respectively as the bylaws provide and until successors  
18 qualify. A record of the names and addresses of the members of  
19 the board and committees and the officers shall be filed with  
20 the Administrator of the Alabama Credit Union Administration  
21 not later than 10 calendar days after their election. If,  
22 however, the bylaws so provide, the board of directors shall  
23 carry out the functions and duties of the credit committee or  
24 may appoint a credit committee, in which case the credit union  
25 shall not elect a credit committee.

26 "§5-17-11.



1           "(a) At the first meeting and at subsequent times  
2 prescribed in the bylaws, the directors shall elect a  
3 president. The president must be either a member of the board  
4 of directors or an employee of the credit union who is not a  
5 member of the board of directors. If the credit union elects a  
6 president who is not a member of the board of directors, the  
7 board of directors shall elect from their own number a  
8 ~~chairman~~ chair and one or more ~~vice-chairmen~~ vice chairs of  
9 the board of directors. The board of directors shall have the  
10 power, in accordance with the bylaws, to remove any officer  
11 who is not a member of the board of directors. At the first  
12 meeting and at subsequent annual meetings prescribed in the  
13 bylaws, the directors shall elect from their own number, a  
14 secretary and treasurer, who may be the same individual. To  
15 nominate a candidate by petition, the petition should conform  
16 to the requirements as specified in the bylaws. The bylaws  
17 will state the number of members required to sign a petition  
18 which can be as few as three members or more as stated in the  
19 bylaws. For natural person credit unions, the maximum number  
20 cannot exceed the lesser of one percent of the membership or  
21 500 members. For corporate credit unions, the maximum number  
22 cannot exceed the lesser of five percent of the membership or  
23 25 members. Candidates shall be given a minimum of 35 days  
24 from the postmark date to present a petition.

25           "(b) The duties of the officers shall be as  
26 determined in the bylaws. It shall be the duty of the

1 directors to have general management of the affairs of the  
2 credit union, particularly:

3 "(1) To act on application for membership.

4 "(2) To determine interest rates on loans and on  
5 deposits; provided, that such loans shall be at reasonable  
6 rates of interest.

7 "(3) To fix the amount of the surety bond which  
8 shall be required of all officers and employees handling  
9 money.

10 "(4) To declare dividends, and to transmit to the  
11 members recommended amendments to the bylaws.

12 "(5) To fill vacancies in the board and in the  
13 credit committee in accordance with the bylaws of the credit  
14 union.

15 "(6) To determine the maximum individual share  
16 holdings and the maximum individual loan which can be made  
17 with and without security.

18 "(7) To have charge of investments other than loans  
19 to members.

20 "(8) To establish the par value of the share.

21 "(9) In the absence of a credit committee, and upon  
22 the written request of a member, review a loan application  
23 denied by a loan officer.

24 "(c) No member of the board or any committee shall,  
25 as such, be compensated. Notwithstanding the foregoing, for  
26 ~~their~~ his or her services to the credit union, providing  
27 reasonable life, accident, and similar insurance protection

1 shall not be considered compensation. Directors, officers, and  
2 committee members may be reimbursed for necessary expenses  
3 incidental to the performance of the official business of the  
4 credit union. Expenses may include the payment or  
5 reimbursement of travel costs for members of the board or any  
6 committee and one guest per member of the board or any  
7 committee that were reasonable, proper, and incurred on  
8 official business of the credit union, in accordance with  
9 written policies and procedures of the credit union.

10 "(d) Liability and indemnification of officers,  
11 directors, trustees, and members of the governing body of a  
12 credit union shall be the same as provided for a nonprofit  
13 corporation in Title 10A, the Alabama Business and Nonprofit  
14 Entity Code; provided, however, a credit union may not  
15 indemnify officers, directors, and members of the governing  
16 body of a credit union against actions brought in connection  
17 with willful violations of this title.

18 "§5-17-22.

19 "Any credit union, with the approval of the  
20 Administrator of the Alabama Credit Union Administration, may  
21 merge with another credit union, under the existing  
22 certificate of organization of the other credit union,  
23 pursuant to any plan agreed upon by the majority of each board  
24 of directors of each credit union joining in the merger. In  
25 addition to approval by the administrator and each board of  
26 directors, the membership of the merging credit union must  
27 also approve the merger plan in the following manner:

1           "(1) At a meeting called for that purpose, notice of  
2           which purpose must be contained in the call, two thirds of  
3           those voting may vote to approve the merger plan. Voting must  
4           be conducted in accordance with the bylaws of the credit  
5           union. The notice must be provided to the members at least ~~15~~  
6           ~~days~~ 45 calendar days, but no more than 90 calendar days,  
7           prior to the date of the meeting.

8           "(2) After agreement by the directors and approval  
9           by the members of the merging credit union, the president and  
10          secretary of the credit union shall execute a certificate of  
11          merger which shall set forth all of the following:

12                 "a. The time and place of the meeting of the board  
13                 of directors at which the plan was agreed upon.

14                 "b. The vote in favor of the adoption of the plan.

15                 "c. A copy of the resolution or other action by  
16                 which the plan was agreed upon.

17                 "d. The time and place of the meeting of the members  
18                 at which the plan agreed upon was approved.

19                 "e. The vote by which the plan was approved by the  
20                 members.

21           "(3) Such certificate and a copy of the plan of  
22           merger agreed upon shall be forwarded to the administrator,  
23           certified by the administrator, and returned to both credit  
24           unions within 30 days.

25           "(4) Upon return of the certificate from the  
26           administrator, all property, property rights and members'  
27           interest of the deed, endorsement, or other instrument of

1 transfer, and all debts, obligations, and liabilities of the  
2 merged credit union shall be deemed to have been assumed by  
3 the surviving credit union under whose charter the merger was  
4 effected. The rights and privileges of the members of the  
5 merged credit union shall remain intact.

6 "(5) A copy of the certificate approved by the  
7 Administrator of the Alabama Credit Union Administration shall  
8 be filed with the judge of probate of the county in which each  
9 credit union's certificate of organization is recorded.

10 "(6) This section applies to credit unions organized  
11 under the laws of the State of Alabama. Federally chartered  
12 credit unions may be merged into Alabama organized credit  
13 unions, under the same conditions as Alabama credit unions;  
14 provided, that the merger plan is approved by the National  
15 Credit Union Administration or private insurance program or  
16 carrier.

17 "(7) Credit unions organized under the laws of the  
18 State of Alabama may be merged into federally chartered credit  
19 unions under the same conditions as provided in this section;  
20 provided, that the merger plan is approved by the National  
21 Credit Union Administration or private insurance program or  
22 carrier.

23 "(8) Credit unions organized under the laws of the  
24 State of Alabama may merge a state or federally chartered bank  
25 or thrift into the credit union under the same conditions as  
26 provided in this section, provided that the merger plan is  
27 approved, if required, by the appropriate state or federal

1 regulator of the bank or thrift and federal insurer, the  
2 Federal Deposit Insurance Corporation.

3 "(9) Credit unions organized under the laws of the  
4 State of Alabama may merge into a state or federally chartered  
5 bank or thrift under the same conditions as provided in this  
6 section, provided that the merger plan is approved by the  
7 resultant institution's chartering regulator and the federal  
8 insurer, the Federal Deposit Insurance Corporation.

9 "(10) A federal credit union may be converted to a  
10 credit union chartered under the laws of Alabama and a state  
11 credit union may be converted to a federal credit union by  
12 adhering to the requirements for the conversion of a federal  
13 credit union to a state credit union as specified by the  
14 Federal Credit Union Act, presently 12 U.S.C. §1771(a) (1).

15 "(11) A credit union chartered under the laws of  
16 another state may be converted to an Alabama state chartered  
17 credit union under state law and regulation. Conversion to an  
18 Alabama state chartered credit union shall be effective upon  
19 the written approval of the administrator. Notice of  
20 conversion shall be filed with the Secretary of State and the  
21 judge of probate of the county in which the credit union  
22 maintains its principal office.

23 "§5-17-55.

24 "(a) There shall be a Credit Union Board of the  
25 Alabama Credit Union Administration which shall consist of the  
26 administrator, who shall be an ex officio member and ~~chairman~~  
27 chair of the board, and seven other persons, appointed by the

1 Governor, by and with the consent of the Senate. Four of these  
2 persons shall be appointed from a list of nominees submitted  
3 by the Credit Union Board of the Alabama Credit Union  
4 Administration, in consultation with the League of  
5 Southeastern Credit Union or its successor organization, which  
6 shall submit not less than three nominees for any vacancy.  
7 Should the Governor determine that none of the first three  
8 nominees submitted by the Credit Union Board for a vacancy on  
9 the Credit Union Board are acceptable, the Governor may reject  
10 the three nominees and the Credit Union Board shall submit an  
11 alternative list of three nominees to the Governor from which  
12 the Governor shall make the appointment. The remaining three  
13 appointments to the Credit Union Board shall be made by the  
14 Governor from a list of nominees submitted by credit unions at  
15 large. No person is eligible to be nominated or appointed to  
16 the Credit Union Board unless at the time of nomination or  
17 appointment, the person is an ~~officer, director, or manager~~  
18 official of a state-chartered credit union and has at least  
19 five years' experience in the 10 years next preceding  
20 appointment as an ~~officer, director, or manager~~ official of a  
21 credit union. The position of any member of the Credit Union  
22 Board shall be declared vacant by the Administrator of the  
23 Alabama Credit Union Administration if the member of the  
24 Credit Union Board ceases to serve as an ~~officer, director, or~~  
25 ~~manager~~ official of a credit union chartered under the laws of  
26 the State of Alabama. For the purposes of this subsection, an  
27 official of a state-chartered credit union includes the

1 president, chief executive officer, or a person elected by the  
2 membership to serve as a board member, credit committee  
3 member, or supervisory committee member of the state-chartered  
4 credit union.

5 " (b) The seven appointees by the Governor, with the  
6 consent of the Senate, shall serve for the terms designated by  
7 the Governor for each person upon appointment of the persons.  
8 Of the seven persons appointed by the Governor, with the  
9 consent of the Senate, three persons shall serve terms  
10 expiring on February 1 of the first year following passage  
11 hereof, two persons shall serve terms expiring on February 1  
12 of the second year following passage hereof and two persons  
13 shall serve terms expiring on February 1 of the third year  
14 following passage hereof. Successors shall be appointed by the  
15 Governor, with the consent of the Senate, for terms of three  
16 years each, so that the terms of two or three of the seven  
17 appointed members will expire on February 1 of each year. An  
18 allowance for correction of terms may be permitted from time  
19 to time or as necessary. Upon the expiration of their terms of  
20 office, members of the board shall continue to serve until  
21 their successors are appointed and have qualified.

22 " (c) (1) If a member of the Credit Union Board of the  
23 Alabama Credit Union Administration fails to attend regular  
24 meetings of the board for three consecutive meetings, or  
25 otherwise fails to perform the duties devolving upon him or  
26 her as a member of the Credit Union Board of the Alabama  
27 Credit Union Administration, is convicted of a felony or any



1 other crime involving moral turpitude, or ceases to be an  
2 ~~officer, director, or manager~~ official of a credit union, the  
3 office of the member shall be declared vacant by the  
4 administrator. The office of the board member shall be deemed  
5 to be vacated on the thirty-first day after mailing of a  
6 notice to the board member that his or her position is being  
7 vacated unless the board member files an appeal with the  
8 Credit Union Board prior to the thirty-first day after mailing  
9 of notice. Except that no appeal is authorized if the member's  
10 position is declared vacant by reason of conviction of a  
11 felony or a crime involving moral turpitude.

12 " (2) Any person who is notified that his or her  
13 position on the board has been declared vacant by the  
14 administrator, ~~may~~, within 30 days after mailing of the notice  
15 that the position has been declared vacant, may appeal to the  
16 other members of the Credit Union Board by written notice of  
17 appeal received by the administrator within the time period.

18 " (3) Upon a finding of good cause for the failure to  
19 attend meetings or otherwise perform duties, or upon a finding  
20 that there is a compelling reason for reinstating the member,  
21 a majority of board members may reinstate the person to the  
22 position. When the member appeals to the Credit Union Board,  
23 unless reinstated by the board within 30 calendar days after  
24 appeal, the position on the board shall be deemed to be vacant  
25 on the thirty-first day after receipt by the administrator of  
26 the member's written notice of the appeal. The administrator  
27 shall call a meeting to hear the appeal within 30 calendar

1 days after receipt of the notice of appeal. The board member  
2 who has received notice that the position will be declared  
3 vacant shall have the right to present at any hearing dealing  
4 with the position being declared vacant, but shall not have  
5 the right to vote on any issue until he or she is reinstated  
6 by the Credit Union Board.

7 "(d) If by reason of death, resignation, removal  
8 from office, or otherwise a vacancy occurs on the Credit Union  
9 Board, the vacancy shall be filled by appointment of the  
10 Governor and the appointee shall hold office until the Senate  
11 meets and passes on the appointment. If the appointment is  
12 disapproved by the Senate, another appointment shall be made  
13 by the Governor, and appointments must be made in like manner  
14 until an appointment is confirmed by the Senate. Any person so  
15 appointed shall serve the balance of the unexpired term for  
16 which the appointment is made. The seven appointed members of  
17 the Credit Union Board shall be persons of good character.  
18 Five of the seven shall have at least five years' experience  
19 in the 10 years next preceding appointment to the Credit Union  
20 Board ~~either as an officer, director, or manager~~ official of a  
21 credit union organized under the laws of the State of Alabama.

22 "(e) An appeal may be taken to the Credit Union  
23 Board from any finding, ruling, order, decision, or the final  
24 action of the administrator by any credit union which feels  
25 aggrieved thereby. Notice of appeal shall be filed with the  
26 administrator within 30 calendar days after the findings,  
27 ruling, order, decision, or other action. The notice shall

1 contain a brief statement of the pertinent facts upon which  
2 the appeal is grounded. The Credit Union Board shall fix a  
3 date, time, and place for hearing the appeal, within 60  
4 calendar days after it is filed, and shall notify the credit  
5 union or its attorney of record thereof at least 30 calendar  
6 days prior to the date of the hearing. The finding of the  
7 Credit Union Board shall be strictly advisory in nature."

8 Section 2. This act shall become effective on the  
9 first day of the third month following its passage and  
10 approval by the Governor, or its otherwise becoming law.